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27 February 1957

MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT: The Polish Trade Discussion

1. The entire meeting was devoted to a discussion of the Polish balance of payments situation from 1945 to date. Mr. Raczkowski presented the Polish position. His presentation was given in English which made it possible to eliminate much of the potential translation problem involved. Mr. Raczkowski presented the balance of payments situation in the following parts: (1) the national framework of Polish foreign trade -- under which he discussed the economic characteristics of foreign trade institutions in the Communist State, (2) the structure of Polish foreign trade and balance of payments -- under which he outlined the accounts which enter into the presentation of foreign trade and balance of payments data, (3) the development of Polish foreign trade and balance of payments in the post-World War II period -- which was essentially a commodity and statistical presentation, (4) the future development of Polish foreign trade and balance of payments -- which was essentially a rationalization of the present pattern of trade with other Communist countries and the desire of Poland to expand its foreign trade contacts with the rest of the world, (5) the balance of payments on current

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account -- in which he presented the general balance of payments situation of Poland since the War and itemized the current Polish debt, to wit:

(a)	owed to the US	\$60 million
(b)	to Sweden, Belgium and France	7 "
(c)	consolidated prewar and nationalized property (largely to the UK)	67 "
(d)	to France (one million tons of coal in kind)	20 "
TOTAL		\$154 million

2. The overall presentation coincides on most details with information which has been furnished to the intelligence community by State and CIA analysts. The precise level of the current Polish debt to Western Europe is obscure, however. Gomulka is discussing these debts in December 1956 indicated a total debt to Western Europe of almost \$150 millions.

3. Points of general interest noted were (a more detailed report dealing with the technical aspects of the presentation will be presented subsequently): (1) confirmation of the information that individual Polish citizens may now legally hold foreign exchange, (2) Poland would hope to increase the use of multilateral clearing arrangements (convertible currency) in its extension of trade with the West, (3) Poland intends to continue to expand its exports to underdeveloped countries in

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the West, (4) Poland regards its present level of trade with the USSR (30 percent) and with the rest of the Communist countries (30 percent) as a normal level of trade with her neighbors, characterizing the low pre-World War II level of trade with these countries as abnormal, and (5) Poland envisions that its trade with the West might move from the 1956 level of 40 percent to as much as half of her total trade.

4. The meeting for Thursday, 28 February, will continue the consideration of balance of payments and the meeting for 1 March will begin the consideration of agricultural commodities.

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